

August 29, 2006

Governor and General Assembly
C/O Office of State Budget
Attention: Karen Rhinehart
1201 Main Street, Suite 950
Columbia, South Carolina 29201

Dear Ms. Rhinehart:

The Department of Consumer Affairs is pleased to transmit its Budget Request for Fiscal Year 2007-08. The budget request has been prepared in an activity based format as requested and the activities have been prioritized to include an identification of the lowest priority. I am extremely pleased with the fortitude and endurance shown by our staff, in meeting the many challenges to protect the consumers of South Carolina, especially during lean budget times.

The support of the General Assembly is critical for the Department. Favorable concurrence of our budget request will enable the Department to continue the enhancement of consumer protection programs, meet the increasing workload, continuously improve our customer service systems, and effectively accomplish our mission to provide consumer education and protection. It is our hope that the Department's consumer credit expertise will be recognized, our stand against fraud will be enhanced, and our staffing and technology deficit will be rectified.

Please let me know if we can provide further information regarding our budget request.

Sincerely,

Brandolyn Thomas Pinkston
Administrator

FISCAL YEAR 2007-08 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 49 / R28 / Department of Consumer Affairs

B. Statewide Mission:

Protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education.

The Department strives to be a **CREDIT** to our State by holding the following values as essential in our relationships and decision-making:

Competence

Equality

Integrity

Respect

Dedication

Timeliness

C. Summary Description of Strategic or Long-Term Goals:

(1) Obtain the necessary funding and personnel to effectively administer the laws assigned to the Department of Consumer Affairs.

Recent budget years (FY2001-FY2004) have challenged the South Carolina Department of Consumer Affairs (SCDCA) to its very core. Yet, even since 2001, as SCDCA experienced a nearly forty percent reduction in state funding, the department continued to offer quality services to the ‘good people’ of South Carolina. While, state revenues overall are improving, the years of budget reductions have placed the department in a ‘catch-up’ mode, especially in the area of technology and personnel. SCDCA needs more state dollars to pay rent, maintain current personnel, and hire more staff to do all the jobs that the General Assembly expects it to do. The General Assembly enacted legislation in 2004 that transferred the regulation of Preneed Funeral contracts to the Department effective July 1, 2006. As a consequence we have established two interim FTE’s through the Office of the State Budget to staff this program. The General Assembly also enacted legislation to regulate Discount Medical Plan Organizations. The General Assembly also amended the Staff Leasing Services statutes, creating a name change for the industry and the requirement of continuing education for Professional Employer Organizations (PEO). As a consequence two interim FTE’s were requested for our Advocacy Division to staff these programs. We are requesting that these interim FTE’s for mandated programs be authorized by the General Assembly. This budget plan will also enable SCDCA to accomplish its mission of enforcing laws that prohibit business practices that are unfair or deceptive to consumers, without impeding legitimate business activity. All of this is done in tandem with promoting informed consumer choice and public education. These funding and staffing needs are discussed in the Executive Summary of the Department’s FY06 Accountability Report on pages 2 and 3.

(2) Develop and enhance internal and external electronic capabilities to increase the Department's efficiency.

FY05-06 funding provided \$300,000 in non-recurring funds, for a WEB enabled licensing and consumer complaint computer system developed in the new Microsoft DOTNET application system. The Department is currently in the process of developing through the partnership with Department of Revenue an online business filing system as a part of the South Carolina Business One Stop. We are also planning to implement an imaging system to reduce the office space requirement for filing cabinets while enhancing the efficiency ratio for processing consumer complaints and regulatory licensing applications. While the technical enhancements have been measured and steady, there is a need for an additional \$200,000 in non-recurring funds to develop a Media Center that could enhance our ability to provide consumer awareness and consumer protection information through different forms of media including video tapes and DVD's. The continued technological modifications will ensure that SCDCA can adequately fulfill its regulatory oversight responsibilities, and make enhancements in the area of improved financial systems and accountability. Our funding request is also fueled by citizens who want the ability to receive information services anytime and anywhere from government, which means the Web is the critical path for delivery. Additionally, the department seeks to maintain the security of information, as the number of threats to the safety of public records increase. To accomplish this, extensive training of key SCDCA staff on information sharing, privacy issues and communication networks must be acquired. SCDCA's technology situation is mentioned in the FY06 Accountability Report in the Executive Summary on pages 1 and 3; in the third paragraph under question one, Category 2 on page 14; and in the first paragraph under Category 6 on page 20.

(3) Amplify external communications to increase the public's knowledge of the Department's services and accomplishments and develop regional satellite offices to enhance statewide service delivery to the citizens of South Carolina.

Education is one of the primary focal points of the SCDCA, hence the need to promote lifelong consumer education to our citizens. While the department has harnessed innovation and technology, these methods must be used to do more for citizens of this state. The Media Center mentioned in the strategic goal number 2 will be the catalyst for the dissemination of consumer protection information by CD's and DVD's. Satellite offices located in Summerville, Laurens, and Gaffney have been very successful and plans are being made to expand outreach efforts to the Pee Dee area and the counties of Jasper, Hampton and Allendale. We are also implementing satellite locations in Spartanburg, Woodruff and Blacksburg. A collaborative effort has been an integral part of the success of this program. Plans to staff these locations with paid staff with remote access to our computer system will provide key benefits by allowing these offices to open more frequently, providing better access to our services. The Department's FY06 Accountability Report discusses public awareness in the first paragraph under question 3, Category 3 on page 15; in the second paragraph under question 4, Category 3 on page 15; and in the first

(4) Refine internal communications to enable staff to perform at the highest level possible.

The Department has provided many opportunities for two-way communications to promote information sharing. The methods include input on program changes; divisional meetings; an internal communication organ; one-on-one communication with management; staff

group reads and staff retreats. All of these are vital methods for training staff and gaining their buy-in towards breaking down barriers to communication. Internal communications are discussed through out the FY06 Accountability Report.

D.

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.:1	Title: Media Center	200,000	0	0	0	\$ 200,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): 3 Activity Number & Name:1352-Public Information & Education										
Priority No.:2	Title: Legal	0	30,615	0	98,481	\$ 129,096	1	0	3	4.00
Strategic Goal No. Referenced in Item C Above (if applicable): 1 Activity Number & Name: 1350-Legal Division										
Priority No.:3	Title: Consumer Services	0	25,164	0	0	\$ 25,164	1	0	0	1.00
Strategic Goal No. Referenced in Item C Above (if applicable): 1 Activity Number & Name: 1349 – Consumer Services										
Priority No.4	Title: Administration	0	62,415	0	0	\$ 62,415	2	0	0	2.00
Strategic Goal No. Referenced in Item C Above (if applicable):1 Activity Number & Name: 1353 - Administration										
Priority No.5	Title: Advocacy	0	45,330	0	61,230	\$106,560	1	0	2	3.00

Summary of Operating Budget Priorities for FY 2007-08:	FUNDING					FTEs			
	State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Activity Number & Name:1351 – Advocacy Division									
TOTAL OF ALL PRIORITIES	\$ 200,000	\$163,524	\$ 0	\$159,711	\$ 523,235	5.00	0.00	5.00	10.00

E. Agency Recurring Base Appropriation:

State \$ 2,010,960

Federal\$ 30,000

Other \$ 1,336,097

F. Efficiency Measures: Throughout the many budget reductions, the Department realized that the same level of oversight could not be provided to each of the industries it regulates. To maintain quality services, the Department has ongoing dialogue with these industries and invites representatives to participate in monthly roundtables to discuss issues.

G. Summary of Capital Budget Priorities: None

H. Number of Proviso Changes: Zero

I. Signature/Agency Contacts/Telephone Numbers:

Brandolyn Thomas Pinkston
Administrator

Herbert Walker 734-4277
Deputy Director

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 49 / R28 / Department of Consumer Affairs

B. Priority No. __1__ of __5__

C. (1) Title: Media Center

(2) Summary Description: Though the development of a Media Center, the Department plans to enhance the consumer protection information it provides to South Carolina taxpayers and the consuming public by use of video and audio streaming through the Agency's Website. The Media Center will enable the Department to use Real Simple Syndication (RSS) feeds that will automatically update our Website and provide automatic and instantaneous consumer protection information to taxpayers. The Media Center will also utilize what's known as Podcast and Webcast to disseminate consumer protection information and regulatory compliance information to South Carolina taxpayers and the general consuming public.

(3) Strategic Goal/Action Plan (*if applicable*): *Agency Wide*

D. Budget Program Number and Name: V.- Public Information and Education

E. Agency Activity Number and Name: 1352 – Public Information and Education

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

South Carolina has more than 2 million residents, spread across the state, posing a challenge for the Department of Consumer Affairs to educate and inform using traditional methods. With technology becoming more advanced and more widely available, the Department has a plan to use audio and video more effectively on its Website to educate and protect consumers and communicate with businesses.

Plans to use video and audio streaming to deliver its message, will allow the Department to extend its outreach wherever the audience is located, in the most cost effective way. The Department's goal is to improve service delivery, make services more accessible to the people, and become more cost efficient by saving taxpayers money.

Streaming video over the Web is a process that involves overcoming bandwidth limitations, encoding the video, and putting the video onto a server for streaming. Because more consumers are switching to broadband, the download time for the video is greatly reduced thus making it less time consuming and easier for the consumer to access.

EXPLANATION OF PROPOSED SERVICES - REAL SIMPLE SYNDICATION, PODCASTS and WEBCASTS: Real Simple Syndication (RSS) feeds automatically updated content available without requiring the consumer to constantly check back to the site again and again. By subscribing (at no charge) to an RSS feed, all new content added to the feed will be automatically and instantaneously delivered to the consumer. Many news sites use RSS feeds to deliver headlines and brief article summaries to consumers, for example. The Department plans to offer RSS feeds to update consumers when new press releases, fraud alerts, and other information is available for distribution.

A Podcast also uses RSS feeds to distribute content on the Internet. A Podcast sends audio or video files to the consumer's computer or MP3 player, allowing them to control when they want to listen to the files or view them. By subscribing to the feed once, the consumer automatically receives any new content sent as soon as it becomes available. The consumer can play the audio or video files either on a personal computer or can synchronize an MP3 player with the computer to play the files.

Podcasts are similar to a television or radio series in some ways. There is a program offered, with new episodes offered frequently. Each episode offers new, unique content that fits within the theme for the program. With a Podcast, however, you don't have to "tune in" at a certain time of day; the consumer can obtain information from each episode at anytime, after it's made available. By signing up for that Podcast's feed, it's delivered to the consumer automatically.

A Webcast is material that is available live from a Web site, at the same time an event is occurring (like the daily feeds on the Internet of the House and Senate when in session). A Webcast is a one-time thing, unlike the series of episodes on a feed for a Podcast.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0

Pass-Through Funds					\$ 0
Other Operating Expenses	200,000				\$ 200,000
Total	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 200,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 158,150
Federal \$
Other \$ 17,500

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: ____

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State ___5___

Federal ___

Other ___

Agency-wide Vacant FTEs as of July 31, 2006: ___2___

% Vacant ___4.2___%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES (Continued)

A. Agency Section/Code/Name: Section 49 / R28 / Department of Consumer Affairs

B. Priority No. __2 of _5__

D. (1) Title: Legal Division

(2) Summary Description: Additional personnel is needed to staff new regulatory programs and meet the additional workload demands resulting from the growth in mortgage broker industry and other regulatory programs. Two interim FTE's for the regulation of the sell of Preneed Funeral contracts has been temporarily authorized by the Office of the State Budget and need authorization by the General Assembly.

(3) Strategic Goal/Action Plan (*if applicable*): Obtain the necessary funding and personnel to effectively administer the laws assigned to the Department of Consumer Affairs.

D. Budget Program Number and Name: II. Legal

E. Agency Activity Number and Name: 1350 – Legal Division

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Additional staff is needed to adequately staff the Legal Division. New regulatory programs have been enacted by the General Assembly during the last several years including the regulation of credit counselors, and the transfer of the

regulation of the sell of Preneed Funeral Contracts. The mortgage loan broker industry has seen uncontrollable growth over the last several years and the General Assembly enacted legislation that requires loan originators to also be registered. As a result, the number of broker filings has increased from 977 in FY04 to 5,239 (over 500% increases) including SLED background checks on over 4,000 of these filings. As a result, additional clerical support is needed for the Chief Enforcement Attorney and an Administrative Assistant to help handle the significant workload created by the Mortgage Broker program. Two interim FTE's for the regulation of the sell of Preneed Funeral contracts has been temporarily authorized by the Office of the State Budget and need authorization by the General Assembly. The Department was made aware of the transfer of this program from the Board of Financial Institutions in April of 2006 and therefore did not have time to request the additional FTE's through the budget process. Other funds in the form of registration fees will be used to fund the interim positions and the Administrative Assistant position for the Mortgage broker program.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		1		3	4
(b) Personal Service		23,918		76,938	\$100,856
(c) Employer Contributions		6,697		21,543	\$ 28,240
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$ 0	\$ 30,615	\$ 0	\$98,481	\$129,096
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 60,120
Federal	\$ 30,000
Other	\$ 761,163

(4) Is this priority associated with a Capital Budget Priority? No _____ If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification: Additional staff is needed to adequately staff the Legal Division. New regulatory programs have been enacted by the General Assembly during the last several years including the regulation of credit counselors, and the transfer of the regulation of the sell of Pre-need Funeral Contracts. The mortgage loan broker industry has seen uncontrollable growth over the last several years and the General Assembly enacted legislation that requires loan originators to also be registered. As a result, the number of broker filings has increased from 977 in FY04 to 5,239 (over 500% increases) including SLED background checks on over 4,000 of these filings. As a result, additional clerical support is needed for the Chief Enforcement Attorney and an Administrative Assistant to help handle the significant workload created by the Mortgage Broker program. Two interim FTE's for the regulation of the sell of Pre-need Funeral contracts has been temporarily authorized by the Office of the State Budget and need authorization by the General Assembly.

(b) Future Impact on Operating Expenses or Facility Requirements: None

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Administrative Assistant (2)					
(a) Number of FTEs	1		1		2.00
(b) Personal Service	23,918		23,918		\$ 47,836
(c) Employer Contributions	6,697		6,697		\$ 13,394

	State	Federal	Earmarked	Restricted	Total
Position Title: Program Coordinator I					
(a) Number of FTEs			1		1.00
(b) Personal Service			29,102		\$29,102
(c) Employer Contributions			8,149		\$ 8,149

	State	Federal	Earmarked	Restricted	Total
Position Title: Investigator II					
(a) Number of FTEs			1		1.00
(b) Personal Service			23,918		\$ 23,918
(c) Employer Contributions			6,697		\$ 6,697

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State	___1___
Federal	_____
Other	___19___

Agency-wide Vacant FTEs as of July 31, 2006: ___2___

% Vacant ___4.2___%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES (Continued)

A. Agency Section/Code/Name: Section 49 / R28 / Department of Consumer Affairs

B. Priority No. _3_ of _5_

E. (1) Title: Consumer Services – Complaint Division

(2) Summary Description: Additional clerical support is needed in the consumer complaint division to handle the increased workload. This is a statewide program that mediates complaints for consumers and taxpayers against businesses. The Department mediates on average 6,000 complaints per year and generates over \$1 million dollars in refunds and adjustments for consumers and taxpayers.

(3) Strategic Goal/Action Plan (*if applicable*): # 1- Obtain the necessary funding and personnel to effectively administer the laws assigned to the Department of Consumer Affairs.

D. Budget Program Number and Name: III – Consumer Services

E. Agency Activity Number and Name: 1349 – Consumer Services

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

(a) An additional clerical support position is needed in the Consumer Services Division to adequately handle the workload and increased difficulty in mediating consumer complaints. Currently there are four clerical support persons handling 6,000 new complaints on average, 5,824 was received in FY06. This equates to over 1,500 complaints per Administrative Specialist, and has caused the complaint processing to get backlogged and the processing time to increase; therefore the mediation resolution time wait for consumers has increased from approximately 30 to 45 days which we believe is unacceptable. We have also added two new complaint analyst positions and these analyst positions will need clerical support for the processing of their assigned complaints. The Department will also be increasing the number of satellite offices in the upstate, the Pee Dee region and in the counties of Hampton, Jasper, Allendale. The program coordinators for these programs will need clerical support also. The Consumer Services division generated \$1,024,936 in refunds and adjustments for consumers in FY06. Eighty four percent (84%) of the consumer complaints were closed as satisfied. The highest categories of complaints included the following: Contractors/Builders 277, Debt collection 736, Financial Institutions 705, Utilities 429, Vehicles 793 and Internet 377.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		1			1.00
(b) Personal Service		19,569			\$ 19,569
(c) Employer Contributions		5,505			\$5,505
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$ 0	\$25,164	\$ 0	\$ 0	\$25,164
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 530,345
Federal	\$
Other	\$ 40,000

(4) Is this priority associated with a Capital Budget Priority? No_____ If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(c) Justification: An additional clerical support position is needed in the Consumer Services Division to adequately handle the workload and increased difficulty in mediating consumer complaints. Currently there are four clerical support persons handling 6,000 new complaints on average, 5,824 was received in FY06. This equates to over 1,500 complaints per Administrative Specialist, and has caused the complaint processing to get backlogged and the processing time to increase; therefore the mediation resolution time wait for consumers has increased from approximately 30 to 45 days which we believe is unacceptable. There are no vacant positions available to provide this staffing.

(d) Future Impact on Operating Expenses or Facility Requirements: None

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Administrative Specialist II					
(a) Number of FTEs	1				1.00
(b) Personal Service	19,659				\$ 19,659
(c) Employer Contributions	5,505				\$ 5,505

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State ___16___
Federal ___
Other ___

Agency-wide Vacant FTEs as of July 31, 2006: ___2___

% Vacant ___4.2___%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES (Continued)

A. Agency Section/Code/Name: Section 49 / R28 / Department of Consumer Affairs

B. Priority No. ___4___ of ___5___

F. (1) Title: Administration

(2) Summary Description: Additional personnel are needed to staff the Agency's Computer Center and the Office of Human Resources.

(3) Strategic Goal/Action Plan (*if applicable*): # 1- Obtain the necessary funding and personnel to effectively administer the laws assigned to the Department of Consumer Affairs.

D. Budget Program Number and Name: I. - Administration

E. Agency Activity Number and Name: 1353 - Administration

F. Detailed Justification for Funding

(1) Justification for Funding Increase: The Department is currently involved in a number of technology enhancements including the development of web based business applications for the 14 different industry licensing and registration programs and the agency's consumer complaint function. The department has contracted with a local vendor to develop these systems in a Dot Net development environment. Ultimately this will provide for online registration and fee payment, in addition to better access by customers to SCDCA data. The agency is also currently working with the Department of Revenue and their external vendor on adding 4 DCA registrations to the South Carolina Business One Stop portal. The Department is also evaluating several imaging systems that will enhance the Agency efficiencies with data storage and retrieval. Information Technology (IT) staff will also be used to operate and help

staff the agency's Media Center. The Department only has one person with an IT background and needs an additional staff person that has been trained in Microsoft's Dot Net business application development language. As a result, the Department is requesting another IT position to maintain these new technology systems. We also have at least 75 PC's with an email system, and a system A/S 400 that must be maintained. In our assessment this is too much for one person to handle. Some small agencies with similar responsibilities have at least 2-3 IT positions. We have also experienced significant growth in the responsibilities for our Office of Human Resources. Several years ago we had only 37 full time employees. The Office of Human Resources is currently serving 59 FTE's. This office is responsible for monitoring all employment laws and regulations and for the training, recruitment, payroll, benefits and annual/sick leave systems. An additional Administrative Specialist is needed to handle this ever increasing workload. The position will also provide support for the Deputy of Administration and Regulatory Services, whom currently has no clerical support.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		2			2.00
(b) Personal Service		48,761			\$ 48,761
(c) Employer Contributions		13,654			\$ 13,654
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$ 0	\$ 62,415	\$ 0	\$ 0	\$62,415
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 622,572
Federal	\$
Other	\$ 329,564

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(e) Justification: Additional personnel are needed to staff the Agency's Computer Center and the Office of Human Resources.

(f) Future Impact on Operating Expenses or Facility Requirements: None

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Administrative Specialist II					
(a) Number of FTEs	1				1.00
(b) Personal Service	19,659				\$ 19,659
(c) Employer Contributions	5,505				\$ 5,505

	State	Federal	Earmarked	Restricted	Total
Position Title: Computer Programmer II					
(a) Number of FTEs	1				1.00
(b) Personal Service	29,102				\$ 29,102
(c) Employer Contributions	8,149				\$ 8,149

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State ___ 11___
Federal ___
Other ___ 2___

Agency-wide Vacant FTEs as of July 31, 2006: ___ 2___
% Vacant ___ 4.2___%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES (Continued)

- A. Agency Section/Code/Name: Section 49 / R28 / Department of Consumer Affairs
- B. Priority No. 5 of 5
- G. (1) Title: Consumer Advocacy
(2) Summary Description: Additional personnel are needed to staff the Consumer Advocacy program and implement new legislation enacted by the General Assembly. The two interim positions are revenue neutral and will be funded from other funds.
(3) Strategic Goal/Action Plan (*if applicable*): # 1- Obtain the necessary funding and personnel to effectively administer the laws assigned to the Department of Consumer Affairs.
- D. Budget Program Number and Name: IV. – Consumer Advocacy
- E. Agency Activity Number and Name: 1351 – Consumer Advocacy
- F. Detailed Justification for Funding
 - (1) Justification for Funding Increase:

(a)Justification: Two interim FTE's are needed to staff the Advocacy program. They will be funded from other funds. The General Assembly enacted Act 377 of 2006, relating to the regulation of Discount Medical Plan Organizations, and Act 160 relating to the prohibition of the sale of cosmetic contact lens without a valid unexpired prescription from a licensed dispenser. Act 112 of 2005 amended Chapter 68 relating to the regulation of Professional Employer Organizations (PEO) and created the monitoring of continuing education for PEO. There is also a need for a new Attorney II position for the Advocacy Division.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		1		2	3.00
(b) Personal Service		35,414		47,836	\$ 83,250
(c) Employer Contributions		9,916		13,394	\$ 23,310
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$ 0	\$ 45,330	\$ 0	\$ 61,230	\$ 106,560
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 225,982
Federal	\$
Other	\$ 60,000

(4) Is this priority associated with a Capital Budget Priority? No_____ If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a)Justification: Two interim FTE's are needed to staff the Advocacy program. They will be funded from other funds. The General Assembly enacted Act 377 of 2006, relating to the regulation of Discount Medical Plan Organizations, and Act 160 relating to the prohibition of the sale of cosmetic contact lens without a valid unexpired prescription from a licensed dispenser. Act 112 of 2005 amended Chapter 68 relating to the regulation of Professional Employer Organizations (PEO) and created the monitoring of continuing education for PEO.

There is also a need for a new Attorney II position for the Advocacy Division. The Advocacy Division currently has two attorneys. This is down from a high of five attorneys in the early 1990s. Although the division lost responsibility for representing the public before the Public Service Commission in rate cases as of 2005, it still represents consumers in insurance rate matters before the Department of Insurance and the Administrative Law Court, as well as reviewing proposed legislation regarding insurance matters at the General Assembly. In addition, since 2005, the Division has taken on regulatory responsibility for Professional Employer Organizations, Prescription Drug Discount Cards, and will be adding Continuing Care Retirement Communities and Discount Medical Plan Organizations in the near future. The Division is also responsible for enforcing the state's law prohibiting the sale of contact lens without a valid prescription. The increased workload and regulatory responsibilities have created the need to restore an attorney position that was previously lost.

(b) Future Impact on Operating Expenses or Facility Requirements: None.

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Administrative assistants					
(a) Number of FTEs			2		2.00
(b) Personal Service			47,836		\$ 47,836
(c) Employer Contributions			13,394		\$ 13,394

	State	Federal	Earmarked	Restricted	Total
Position Title: Attorney II					
(a) Number of FTEs	1				1.00
(b) Personal Service	35,414				\$ 35,414
(c) Employer Contributions	9,916				\$ 9,916

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State 2
Federal _____
Other 1

Agency-wide Vacant FTEs as of July 31, 2006: 2

% Vacant 4.2%

H. Other Comments: None

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: Section 49 / R28 / Department of Consumer Affairs
- B. Agency Activity Number and Name: 1349 – Consumer Services & 1352 – Public Information & Education
- C. Explanation of Cost Savings Initiative: The Department plans to reduce the use of temporary personnel services by 75 percent in the consumer services division. This will generate a savings of \$24,000. The Department also plans to reduce the use of temporary personnel services by 68% in the Public Information and Education Division. This action will generate a savings of \$16,219.
- D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs				0.00
(b) Personal Service	40,219			\$ 40,219
(c) Employer Contributions				\$ 0
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses				\$ 0
Total	\$ 40,219	\$ 0	\$ 0	\$ 40,219

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

The impact on the Consumer Services Activity and the Public Information and Education Activity will be minimal and should not adversely impact customers and clients. Other permanent employees in the Consumer Services Activity and employees in the Administrative Division Activity can be temporarily reassigned to handle the workload that temporary employees previously provided for the Consumer Services Activity and Public Information & Education Activity.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title: Temporary staffing – Consumer Services	24,000	0	0	\$ 24,000	0	0	0	0.00
Activity Number & Name: 1349 - Consumer Services								
Initiative Title: Temporary Staffing – Public Information & Education	16,219	0	0	\$ 16,219	0	0	0	0.00
Activity Number & Name: 1352 – Public Information & Education								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$ 40,219	\$ 0	\$ 0	\$ 40,219	0.00	0.00	0.00	0.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

- A. Agency Section/Code/Name: Section 49 / R28 / Department of Consumer Affairs
- B. Agency Activity Number and Name: 1352 – Public Information & Education
- C. Explanation of Lowest Priority Status: In general and like in most small agencies it is very difficult to identify the lowest priority activity. We believe all of our activities are important and are considered mission critical activities. However, if we are required to identify the lowest priority activity we will start with our Public Information and Education Division. Although this program comprises a core objective of the mission of the agency, from a cost reduction perspective, we could eliminate this function and spread some of activities to other Divisions of the Agency.
- D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	5	0	0	0	0	5.00
(b) Personal Service	150,650		0	0	0	\$ 150,650
(c) Employer Contributions	35,462		0	0	0	\$ 35,462
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	7,500	0	0	0	17,500	\$ 25,000
Total	\$ 193,612	\$ 0	\$ 0	\$ 0	17,500	\$ 211,112

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

The elimination of this activity would have a significantly adverse impact on the activity and the customers and clients served. The adverse impact on customers would include the elimination of consumer protection information in the form of pamphlets and other literature relating to consumer protection. We would have to eliminate the consumer protection presentations we make in the Secondary School Systems of South Carolina and those presentations made to civic, community and profession groups. The services provided to South Carolinians relating to the recall of consumer products by the Federal Consumer Product Safety Commission would also be eliminated. The number of news releases to the Press and other networks would be significantly reduced. The recently established Call Center & Chat Room would be eliminated. The overall economic impact on the citizens and taxpayers of South Carolina can not be readily determined, but, we know it would certainly be significant and out weigh the cost of this program/activity. In summary our goal and objective to inform South Carolina consumers of market practices that are deceptive and unfair, and inform them of their rights and responsibilities as consumers would be significantly impaired and this would adversely impact the consuming public in South Carolina.

F.

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name:1352-Public Information & Education	193,612	0	0	0	17,500	\$211,112 0	5
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITES	\$193,612	\$ 0	\$ 0	\$ 0	\$ 17,500	\$211,112	5.00